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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/24/08

MIKE USTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
4300 AIRPORT FREEWAY - SUITE 100
FORT WORTH, TEXAS 76117

MEMPHIS, TN

(215) 881-0000
MIKE@USTES.COM
JAN 20/2012-2014
e-mail: ustes@ustes.com

MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Commissioners
Housing Authority of Lake Providence
Lake Providence, Louisiana

Regional Inspector General for Audit
Office of Inspector General
Department of Housing and Urban
Development

We have audited the accompanying general-purpose combined financial statements of the Housing Authority of Lake Providence, Louisiana as of and for the year ended September 30, 2011, as listed in the table of contents. These general-purpose combined financial statements are the responsibility of the Housing Authority of Lake Providence, Louisiana's management. Our responsibility is to express an opinion on these general-purpose combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose combined financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Lake Providence, Louisiana as of September 30, 2011, the results of its operations, changes in its total net assets and statement of cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 25, 2012 on our consideration of Housing Authority of Lake Providence's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined general purpose financial statements of the Housing Authority of Lake Providence, Louisiana taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis but is not a required part of the accompanying financial statements. Such information has been subjected to the auditing procedures applied in the audit of the accompanying financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying Financial Data Schedules required by HUD are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Mike Bates, P.C.
Fort Worth, Texas
January 23, 2002

EXHIBIT A

**ISSUING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
COMBINED BALANCE SHEET - ENTERPRISE FUNDS
YEAR ENDING SEPTEMBER 30, 2001**

ASSETS**Current Assets**

Cash and cash equivalents	\$ 26,798
Receivables	13,796
Accounts receivable (net of allowance for doubtful accounts of \$2,168)	19,678
Interest receivable	251
Interfund receivable	1,207
Prepaid items and other assets	15,054
Inventory	4,762
Total Current Assets	81,746

Restricted Assets

Tenant deposits	9,400
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Fixed Assets

Land, buildings, and equipment (net)	1,248,247
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TOTAL ASSETS	1,339,443
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LIABILITIES AND FUND EQUITY**Current Liabilities**

Accounts payable	617
Compensated absences payable	18,766
Interfund payable	1,207
Accrued PRICOT	14,213
Total Current Liabilities	35,897

Current Liabilities Payable from Current Restricted Assets

Deposits due others	9,400
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Total Liabilities	45,297
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Fund Equity

Contributed capital	1,280,889
Retained earnings	93,297
Unreserved	65,257

Total Fund Equity	1,380,096
--------------------------	------------------

TOTAL LIABILITIES AND FUND EQUITY	\$ 1,381,440
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The Notes to the Financial Statements are an integral part of these statements.

**HOUSING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - INTERFUND FUNDS**

YEAR ENDED SEPTEMBER 30, 2001

OPERATING REVENUES	
Dwelling rental	\$ 899,419
Other	<u>56,738</u>
Total revenue	<u>252,143</u>
OPERATING EXPENSES	
Administration	131,348
Utilities	48,119
Ordinary maintenance & operations	171,710
General expenses	58,985
Noncurrent maintenance	18,777
Depreciation	<u>179,371</u>
Total operating expenses	<u>618,352</u>
Income (loss) from Operations	<u>(366,209)</u>
Non operating revenues (expenses)	
Interest earnings	3,644
Federal grants	<u>234,933</u>
Total Non-operating revenues (expenses)	<u>238,577</u>
NET INCOME (LOSS)	(127,632)
Depreciation on fixed assets acquired by contribution	<u>179,371</u>
Increase in retained earnings	<u>49,541</u>

(CONTINUED)

ISSUING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - ENTERPRISE FUNDS

EXHIBIT B

YEAR ENDED SEPTEMBER 30, 2001

RETAINED EARNINGS AT BEGINNING OF YEAR	\$ <u>45,266</u>
RETAINED EARNINGS AT END OF YEAR	<u>95,207</u>
CONTRIBUTED CAPITAL AT BEGINNING OF YEAR	1,381,268
Depreciation transferred from retained earnings	<u>(130,171)</u>
CONTRIBUTED CAPITAL AT END OF YEAR	<u>1,251,097</u>
FUND EQUITY, END OF YEAR	\$ <u>1,346,304</u>

(CONCLUDED)

EXHIBIT C

HOUSING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

YEAR ENDED SEPTEMBER 30, 2001

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (150,289)
Adjustments to reconcile net income (loss) to	
Net cash provided by operating activities	
Depreciation	170,373
Changes in operating current assets and liabilities:	
Increase in accounts receivable	(16,363)
Decrease in prepaid receivables	1,041
Increase in prepaid items and other assets	(2,084)
Increase in inventory	(400)
Decrease in accounts payable	(31,136)
Decrease in deposits due others	(275)
Decrease in deferred revenue	(2,347)
Decrease in accrued FRUIT	(1,081)
NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	<u>(261,289)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal grants	<u>234,555</u>
NET CASH PROVIDED(USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>234,555</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase fixed assets	(52,582)
Increase in compensated absences	<u>1,727</u>
NET CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(50,855)</u>
	(CONTINUED)

EXHIBIT C

HOUSING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

YEAR ENDED SEPTEMBER 30, 2001

CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in investments	\$	(538)
Decrease in restricted assets		275
Interest earnings		<u>3,944</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		<u>3,681</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
		(15,098)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
		<u>115,706</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$	<u>99,708</u>
(CONCLUDED)		

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2001

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**HOUSING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying general-purpose financial statements of the Housing Authority of the City of Lake Providence have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. BASIS OF PRESENTATION Housing Authority was chartered as a public corporation under the laws (LSA-R.S. 40:381) of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city declaring a need for the Housing Authority to function in such city. The Housing Authority is governed by a five-member board of Commissioners. The members, appointed by the Honorable Mayor of the city of Lake Providence, serve staggered multi-year terms.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-cost housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the Housing Authority for the purpose of assisting the Housing Authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the Housing Authority for the purpose of maintaining this low-cost character.

The Housing Authority had 150 units in Low Rent management in two projects.

Program	Contract Number	Number Of Units
HUD owned housing	PW-1099	150

B. REPORTING ENTITY GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is financially independent of other state or local governments. As used in GASB Statement 14, financially independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The Housing Authority is a related organization of the City of Lake Providence since the City of Lake Providence appoints a voting majority of the Housing Authority's governing board. The City of Lake Providence is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefits to, or impose financial burdens on, the City of Lake Providence. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Lake Providence.

HOUSING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the Housing Authority to impose its will on that organization's body, and;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burden on the Housing Authority.
2. Organizations for which the Housing Authority does not appoint a voting majority but are fiscally dependent on the Housing Authority.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

C. FUNDS: The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to assess financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the measurement of equity, is an important financial indicator.

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus for all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

B. BUDGETS

General Budget Policy: The following summarizes the budget activities of the Housing Authority during the year ended September 30, 2004:

HOUSING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2001

The Housing Authority adopted budgets for all HUD-funded programs. The budget is controlled by fund at the function level. All appropriations lapse at year end. Budgets are prepared on the modified accrual basis of accounting.

The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function.

E. CASH AND CASH EQUIVALENTS Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Housing Authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at the lower of market or cost.

F. INVESTMENTS Investments are limited by R.S. 33:2935 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are reported/presented as per GASB Statement No. 31:

Investments in ~~participating~~ interest-earning contracts, such as nonnegotiable certificates of deposits with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Housing Authority reported as amortized cost money market investments ~~participating~~ interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

**HOUSING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2001

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. INVENTORY AND PREPAID ITEMS All inventory items are valued at cost using first-in, first-out method. Inventory is recorded using the purchase method. At year-end the amount of inventory is recorded for external financial reporting.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses consist of prepaid insurance.

I. FIXED ASSETS Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding exchange value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Interest costs during construction have not been capitalized. Straight-line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	33 years
Building improvements	15 years
Furniture and fixtures	5 to 7 years
Computers	3 years

J. COMPENSATED ABSENCE The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

K. FUND EQUITY Reserves represent those portions of fund equity not appropriate for expenditures or legally segregated for a specific future use.

L. DEFERRED REVENUES The Housing Authority reports deferred revenues on its combined balance sheet. Deferred revenues arise when amounts are received by the Housing Authority before it has a legal claim to them, or when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

M. USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**HOUSING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2001

NOTE 1 - CASH, CASH EQUIVALENTS, AND INVESTMENTS At September 30, 2001 the Housing Authority has Cash equivalents, and investments totaling \$62,644 as follows:

Cash on hand	\$	79
Interest-bearing demand deposits		3,376
Time deposits		<u>59,289</u>
Total	\$	<u>62,644</u>
 Cash and cash equivalents	\$	19,398
Cash and cash equivalents - restricted		9,418
Investments		<u>13,296</u>
Total	\$	<u>62,644</u>

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2001, the Housing Authority's carrying amount of deposits was \$62,644 and the bank balance was \$73,887. Of the bank balance, \$73,887 was covered by federal depository insurance (FDASH Category 1).

Investments during the year were solely in time deposits at banks.

NOTE 3 - RECEIVABLES the receivables of \$19,678 at September 30, 2001, are as follows:

<u>Class of Receivable</u>		
Local sources		
Rents	\$	1,268
Federal sources		
Grants		<u>18,379</u>
Total	\$	<u>19,678</u>

**HOUSING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2001

NOTE 4 – FIXED ASSETS The changes in general fixed assets are as follows:

	Balance \$973,058	Additions	Deletions	Balance \$973,058
Land and buildings	\$ 4,196,373	\$ 28,513	\$ 0	\$ 4,224,886
Furniture and equipment	162,368	24,317	18,494	167,991
Total	4,358,741	52,830	18,494	4,393,077
Less: accumulated depreciation:				
Buildings	3,054,484	158,347	0	3,212,831
Furniture and equipment	138,423	12,804	17,426	133,001
Total	3,192,907	171,151	17,426	3,345,632
Fixed assets, net	\$ 1,165,834	\$ 181,679	\$ 1,868	\$ 1,047,445

NOTE 5 – RETIREMENT SYSTEM The Housing Authority participates in the Housing Renewal and Local Agency Retirement Plan which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees are eligible to participate in the plan from the first anniversary date of the employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 5 percent of his effective compensation. The employee is required to make monthly contributions equal to 8 percent of each participant's effective compensation.

The Housing Authority's contribution for each employee and income allocated to the employee's account is fully vested after five years of continuous service. The Housing Authority's contributions and income forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority's total payroll for year ended September 30, 2001, was \$153,502. The Housing Authority's contributions were calculated using the base salary amount of \$139,180. The Housing Authority made the required contributions of \$14,667 for the year ended September 30, 2001, of which \$ 8,562 was paid by the Housing Authority and \$5,505 was paid by employees. No payments were made out of the forfeiture account.

HOUSING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

NOTE 6 – ACCOUNTS PAYABLES The payables of \$617 at September 30, 2004, are as follows:

Payroll withholdings	\$ <u>617</u>
	\$ <u>617</u>

NOTE 7 – COMPENSATED ABSENCES At September 30, 2004, employees of the Housing Authority have accumulated and vested \$15,796 of employee leave benefits, which was computed in accordance with GASB Codification Section 660. These amounts are recorded as liabilities in the funds from which payment will be made.

NOTE 8 – COMMITMENTS AND CONTINGENCIES The Housing Authority participates in a number of federally assisted grant programs. Although the grant programs have been audited in accordance with the Single Audit Act Amendments of 1996, these programs are still subject to compliance audits. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

SUPPLEMENTARY INFORMATION

EXHIBIT E

HOUSING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDING SEPTEMBER 30, 2001

CASH BASIS

	2000 <u>Capital Funding</u>	2001 <u>Capital Funding</u>
Funds approved	\$ 340,731	\$ 311,936
Funds expended	<u>37,181</u>	<u>7,080</u>
Excess of funds approved	\$ <u>303,550</u>	\$ <u>304,856</u>
Funds advanced	\$ 37,181	\$ 0
Funds expended	<u>46,368</u>	<u>7,080</u>
Excess of funds expended	\$ <u>(9,187)</u>	\$ <u>(7,080)</u>

The Notes to the Financial Statements are an integral part of these statements.

MIHLERTS, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
800 AIRPORT FREEDAY - SUITE 600
PORT WORTH, TEXAS 76114

817.333.3333
817.333.3333
FAX 817.333.3333
e-mail: mhl@mihlerts.com

MIHLERTS, CPAs

MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in
Accordance with Governmental Auditing Standards

Housing Authority of Lake Providence
Lake Providence, Louisiana

We have audited the financial statements of the Housing Authority of Lake Providence, Louisiana as of and for the year ended September 30, 2004, and have issued our report thereon dated January 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of Lake Providence, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing a opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed four instances of noncompliance that are required to be reported under *Governmental Auditing Standards*, and are described in the accompanying schedule of Audit Findings.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of Lake Providence, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the PMA's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions as described in the accompanying schedule are Audit Findings 2 and 3. Audit Finding, K1 is also considered a material weakness.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted conditions involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is a matter of public record and its distribution is not limited.

Mike Jurep, P. C.
Fort Worth, Texas
January 23, 2012

**HOUSING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
STATEMENT OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED SEPTEMBER 30, 2001

FEDERAL GRANTOR PROGRAM TITLE	CFDA NO.	GRANT ID #	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development			
Direct Programs:			
Low-Income Housing Operating Subsidy	14.250		178,715
Major Program Total			<u>178,715</u>
Public Housing Capital Fund	14.072		58,160
Major Program Total			<u>58,160</u>
Total HUD			<u>236,875</u>

Total Expenditures of Federal Awards

**HOUSING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED SEPTEMBER 30, 2003

NOTE 1 – GENERAL. The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of the City of Lake Providence, Louisiana (the "Housing Authority"). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority's general-purpose financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING. The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 3(C) to the Housing Authority's general-purpose financial statements.

NOTE 3 – RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS. Federal awards revenues are reported in the Housing Authority's general-purpose financial statements as follows:

Enterprise Funds	<u>Federal Sources</u>
Public Housing	\$ 178,715
Capital Fund	<u>56,168</u>
Total	<u>\$ 234,883</u>

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS. Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

NOTE 5 – FEDERAL AWARDS PROGRAMS. For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice F11-85-14, "federal awards" do not include Housing Authority operating income from rents or investments (or other non-federal sources). In addition, debt service annual contribution payments made by HUD directly to fiscal agents for holders of Housing Authority bonds or for Housing Authority notes held by the federal financing bank (FFB), are not considered when determining if the Single Audit Act "federal awards expended" threshold is met by the Housing Authority in a fiscal year. In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

HOUSING AUTHORITY OF THE CITY OF LAKE PROVIDENCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2001

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were two reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States. They are Audit Findings 2 and 3.
- iii. There was one instance of noncompliance considered material, as defined by the Government Auditing Standards to the financial statements. It is Audit Finding 12.

HOUSING AUTHORITY OF THE CITY OF LARKSPONDENCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2001

Prior Audit Findings and Questioned Costs

The prior audit contained four audit findings, as follows:

Loan Rent

- 1) The PHA was following its old Admissions and Continued Occupancy Policy (ACOP) instead of its recently adopted one in reference to housing preferences. In the current audit year, the PHA revised its ACOP to reflect what it really wanted in housing preferences. The PHA is now following its ACOP. This finding is closed.

CIAP

- 2) The PHA did not adequately document its monitoring of contractor compliance for Davis-Bacon. In the current audit year, this finding is closed.

CIAP

- 3) The PHA requested and received CIAP advances and did not expend the funds within the three business days. This finding is repeated as audit finding #1.

Current Audit Findings

Capital Funding

3 Day Drawdown Not Adhered To

- 1) The PHA received \$7,781.00 and \$30,000.00 in January and May, respectively, on the 2000 Capital Funding grant. This equals the budget for dwelling structures and equipment. These funds were not expended until June and July 2001.

Recommendation

Capital Funding and CIAP expenditures must follow within 3 days of drawdown.

Reply

I am Rob Robertson, Executive Director, and designated person to answer these findings. I forgot this was not like an Operations drawdown. I will comply in the future.

HOUSING AUTHORITY OF LAKE PROVIDENCE
SCHEDULE OF ADJUT JOURNAL ENTRIES

YEAR ENDED SEPTEMBER 30, 2001

Low Rent

IT-1, Calculation Reprinted

- 2) The HUD 5212-B, Utility Year-End Adjustment, did not include the information for line 16 -- this space, line 16, was incorrectly left blank.

Using the information that should have been entered on line 16, HUD owes the PHA \$3,902.08. Line 23 at HUD 5212-B incorrectly shows that the PHA owes HUD \$19,523.80.

Also, lines 12 and 13 information on the HUD 52123 was incorrect. The correct answers are \$15,485 and 140, \$14,503 and 142 were incorrectly entered.

Recommendation

The HUD area office probably will catch the mandatory adjustment error, but the PHA should notify them anyway. I'm sending a pointed, corrected copy to the PHA. The PHA's fee accountant normally does an excellent job of preparing PFS information.

Reply

I will notify the HUD Area Office. We will be more diligent in PFS calculations in the future.

Low Rent

Re: Tenant Payments

- 3) In May 2001 a fire destroyed certain office contents and equipment. An insurance claim was filed and reimbursement was received.

Also destroyed in the fire was \$2,296.00 of currency cash that had been received in the last two days from tenants. The \$2,296.00 of payments is identified from individual tenants on the rental register.

Cash should not have the potential to be burned or stolen.

Recommendation

Preferably, tenant payments should be deposited daily.

If tenant payments are not actually deposited, they can be left in a bank drop box, and picked up the next morning.

If payments are kept overnight at the PHA, they should be kept in a locked, fire proof safe.

HOUSING AUTHORITY OF LAKE PROVIDENCE
SCHEDULE OF AUDIT JOURNAL ENTRIES

YEAR ENDED SEPTEMBER 30, 2000

Reply

We will comply with the above.

Law Room

Re: Waiting List

- 4) The PHA's housing policy per its *Admissions and Continued Occupancy Policy (ACOP)* is to house by time and date of application. The PHA is doing this.

However, when a tenant moves out, the PHA's computerized Waiting List deletes the tenant's application, offer, and move-in date. This makes it difficult for a third party to review admissions.

Recommendation

The PHA should make a manual list of application, offer and move-in dates at the end of the month, before this information is deleted from the computer.

Reply

We have discussed this with the auditor. We will comply with the above.

REVENUE AUTHORITY OF LAKE PROVIDENCE
SCHEDULE OF AUDIT JOURNAL ENTRIES

YEAR ENDED SEPTEMBER 30, 2001

	ACCT. # FOR AUDIT PURPOSES	DR	CR	ACCT. # FOR POSTING TO FPA BOOKS
1	Law/Start			
	Other revenues	315	7,080	
	Operating transfers in	108.1	7,080	For Fee Accountant
	To adjust transfer in to Law/Start for 1408 funds			
2	Bad debts expense	964	2,148	
	Allowance for bad debts	128.2	2,148	For Fee Accountant
	To adjust the allowance for bad debts			
3	Prior period adjustments	1,704	208	
	General expenses	962	208	For Fee Accountant
	To reclassify misposting to prior period adjustments			
	Net RIM - General Ledger Only			
4	Allowance for doubtful accounts		2,296	1128.1
	Deposits over		2,296	1125
	To reclassify cash issued in fee - see Audit Finding \$835 left in A/C 1128 was deposited October 1, 2001			